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## School Food Authority Administration of National School Lunch Program Free and Reduced Price Eligibility Determination

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United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

August 2003

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Department of Agriculture Nutrition  
Service

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# School Food Authority Administration of National School Lunch Program Free and Reduced Price Eligibility Determination

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This report is available on the Food and Nutrition Service web site: <http://www.fns.usda.gov/oane>.

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**School Food Authority Administration of National School Lunch Program  
Free and Reduced Price Eligibility Determination**

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# School Food Authority Administration of National School Lunch Program Free and Reduced Price Eligibility Determination

## EXECUTIVE SUMMARY

### Background

- From July to September 2002, the Food and Nutrition Service reviewed the free and reduced price (F/RP) eligibility determination process (i.e., application, verification, reapplication, meal ticket status) for each of 3,474 applications selected for verification in 14 large School Food Authorities in the 2001-02 school year. These SFAs enroll nearly one million children, among whom 45 percent were approved for free meals and 7 percent were approved for reduced price meals as of October 31, 2001.

### Verification Results

- **Overall results:** On average, 43 percent of applications verified in study districts had their benefit levels unchanged as a result of the verification process, while 55 percent had a benefit reduction / termination and 2 percent had an increase in benefits from reduced price to free.
- **Respondent ineligibility:** Among respondents to verification, 21 percent had a benefit reduction or termination. In random sampling districts 14 percent of respondents had a benefit reduction or termination; in focused sampling districts 40 percent of respondents had a benefit reduction or termination. Four percent of respondents to verification had a benefit increase from reduced-price to free meal eligibility.
- **Reasons for benefit change:** Non-response to the verification process accounted for most of the applications that had benefits reduced or terminated. Seventy-seven percent of benefit reductions / terminations (BRT) in focused sampling districts were due to non-response while 80 percent of all BRTs in random sampling districts were the result of non-response. Random sampling SFAs had a higher rate of benefit increase from reduced price to free (3 percent) compared to focused sampling SFAs (1 percent).
- **Results from income applications v. categorical applications:**
  - **Income and household size applications:** Among applications approved on the basis of income and household size selected for verification, 57 percent had benefits reduced or terminated. Among respondents, 23 had their benefits reduced or terminated. The average rate of benefit reduction or termination among respondents was lower in random sampling districts (18 percent) than in focused sampling districts (34 percent).

- **Categorically approved applications** – where households that report a Food Stamp / Temporary Assistance for Needy Families / Food Distribution Program on Indian Reservations (FS/TANF/FDPIR) case number as the basis of their eligibility - were less likely to have a benefit reduction or termination as a result of the verification process than income and household size applications. Among categorically-approved applications, there was a 30 percent rate of benefit reduction / termination compared to a 57 percent rate among income and household size applications.<sup>1</sup>

### **Accuracy of SFA review of applications and verifications**

- **Application review:** On average, 94 percent of initial approvals by SFAs for free and reduced price meal benefits where applicants reported household income and size were accurate based on information provided on the applications while 6 percent of initial approvals were inaccurate.
- **Verification determinations:** 92 percent of verification decisions by SFAs were appropriate – consistent with the documentation provided by parents -- and 8 percent of verification decisions were inappropriate.
- **Meal ticket status:** Among children whose applications and verifications we reviewed, the end of year meal ticket status was accurate in 83 percent cases while it was inaccurate in 17 percent of cases.
- **Direction of inaccuracy:** Over 75 percent of all SFA administrative errors identified in this study resulted in households being approved for a greater level of benefit than was supported by the materials provided by households to SFAs. Less than 25 percent of all errors resulted in households being approved for a lower level of benefit than to which they were entitled based on material they provided SFAs.

### **Reapplication of non-responders to verification**

- 29 percent of households that had their benefits terminated in the verification process reapplied later in the 2001-02 school year in study SFAs. An average of 93 percent of such reapplications were approved for free or reduced price meal benefits, while 7 percent were denied.

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<sup>1</sup> The rate of benefit reduction of categorically approved applications, in all likelihood, overstates the rate of income-ineligibility at the time of verification among this population. A 2002 FNS study estimated, for example, that 4 percent of FS/TANF/FDPIR recipients in July 2001 selected for verification in a pilot project were income-ineligible by December 2001.

# **School Food Authority Administration of National School Lunch Program Free and Reduced Price Eligibility Determination**

## **Section 1**

### **INTRODUCTION**

Each school year, School Food Authorities (SFAs) make a determination of the eligibility of applicants for free and reduced price school meals at the time households submit applications. In recent years, this application review process has resulted in the approval of more than 14 million children for free or reduced price meals. The Food and Nutrition Service estimates that application-based approvals are responsible for the certification of more than 2/3 of all free and reduced price approved children in a typical school year.<sup>2</sup> As such, SFA administrative accuracy in the application review process is essential to program integrity.

Eligibility determinations are based on SFA review of self-reported income and household size information or self-reporting of a Food Stamp Program / Temporary Assistance for Needy Families / Food Distribution Program on Indian Reservations (FS/TANF/FDPIR) case number. The bulk of initial determinations are made within the first several weeks of each school year, though households may submit applications for free and reduced price school meals at any time during the school year.

SFAs make a second eligibility determination for a small sample of household applications between the time of initial eligibility determination and December 15 of each school year – this is known as the verification process. The verification process was established in the National School Lunch Program (NSLP) in the early 1980s to serve as a deterrent with respect to household misreporting eligibility information. It was argued that verification of a small proportion of households approved for free or reduced price meal benefits would deter against ineligible households from applying for and being approved for free and reduced price meal benefits.

In the verification process, SFAs request documentation of household income or FS/TANF/FDPIR status from households.<sup>3</sup> Households are required to respond to the verification request; if they do not respond, SFAs are obligated to change such children's meal ticket status to paid. The accuracy of children's meal ticket status is fundamental to program integrity. For each meal served, SFAs receive reimbursement which varies depending on the meal ticket status of the participating child. In school year 2001-02, FNS provided SFAs a reimbursement of \$2.235 in cash and commodities for free meals

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<sup>2</sup> A recent USDA-sponsored study estimates that the number of children approved for free and reduced price meal benefits thru two other methods – direct certification and Provision II and Provision III – accounted for approximately 1/3 of all free and reduced price approvals in the 2001-02 school year (USDA / ERS, forthcoming ).

<sup>3</sup> For applications initially approved on the basis of a FS/TANF case number, SFAs may seek verification of current eligibility by requesting this information from local or State FS/TANF agencies.

served, while for reduced price and paid meals the reimbursement rates were \$1.835 and \$0.345, respectively.

Responding to a growing concern about inaccurate certifications, FNS has conducted several activities from 2000 to 2003 to better understand free and reduced price certification accuracy. To learn about the effects of alternative eligibility determination systems, FNS initiated the NSLP Application / Verification Pilot Projects.<sup>4</sup> In the Pilot Projects, 22 SFAs have tested three alternative methods of eligibility determination for free and reduced price meals. Findings from the pilot project evaluation will be released in the near future.

To improve understanding of the accuracy of the current eligibility determination system in 2002, FNS also carried out a review in 14 large SFAs of 3,474 applications selected for verification. Each of these SFAs had enrollments between 24,000 and 178,000 children in 2001-02. In aggregate, these 14 large SFAs enroll approximately 950,000 children, of whom 52 percent were approved for free and reduced price meals as of October 31, 2001.

This report provides the results of the review of SFA administrative records regarding applications, verifications and meal ticket status. Data collection was conducted by FNS Regional Office staff members. The report examines:

- a) the accuracy with which SFAs conduct the application and verification processes within the National School Lunch Program (NSLP);
- b) the results of the verification process in 14 large SFAs;
- c) the rate at which children whose benefits are terminated in the verification process reapply for free and reduced price meal benefits following termination; and
- d) the accuracy at the end of the 2001-02 school year of the meal ticket status of children selected for verification.<sup>5</sup>

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<sup>4</sup> See NSLP Application / Verification Pilot Projects: Report on First Year Experience. (FNS, 2002) and Evaluation of the NSLP Application / Verification Pilot Projects (FNS, forthcoming).

<sup>5</sup> FNS Midwest Regional Office staff and FNS-Headquarters staff collected data in one SFA in January 2002 to accomplish goals similar to the goals of the current study. From that activity – the results of which are found in Appendix B – FNS designed the current study.

## Section 2

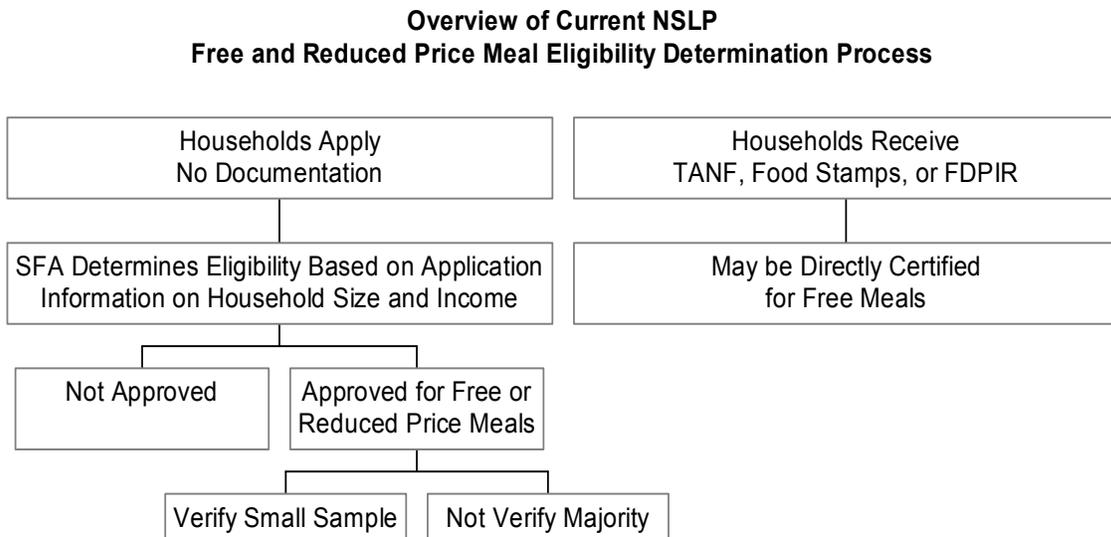
### THE CURRENT F/RP ELIGIBILITY DETERMINATION SYSTEM

Under current program rules, SFAs across the country are required to follow a set of procedures articulated in Federal regulations (7 CFR 245). These procedures provide that SFAs may:

- Certify children for free meals for the school year on the basis of documentation from State or local government agencies which establish that the student is a member of a household that is eligible for FS/TANF/FDPIR, (i.e., Direct Certification); or
- Certify children for F/RP meal benefits for the school year on the basis of an application submitted by the children's household on which current receipt of FS/TANF/FDPIR is documented or where monthly income of all household members and household size are self-reported.

SFAs are required to verify a small percentage of approved F/RP applications each school year. Typically SFAs verify 3 percent or less of approved applications.<sup>6</sup> In this process, for each household selected for verification, SFAs are required to determine whether the household's current FS / TANF / FDPIR status or household income and size are consistent with the household's certification status and to take action with regard to a household's eligibility, if warranted. The eligibility of directly-certified children is not subject to verification under standard program regulations. Figure 1 provides an overview of the current F/RP eligibility determination process.

Figure 1



<sup>6</sup> The requirements for SFA verification sample selection are found in the Eligibility Guidance for School Meals Manual (FNS: 2001) available at: <http://www.fns.usda.gov/cnd/Guidance/default.htm>

## Section 3

### RESEARCH OBJECTIVES

This report addresses the following objectives:

- 1) **Accuracy of initial eligibility determinations:** determine the accuracy with which large SFAs make free and reduced price (F/RP) eligibility determinations based on a review of application materials submitted by households and processed by SFAs; to the extent that errors occur in this process, determine the type of errors made.<sup>7</sup>
- 2) **Verification process results:** determine the percentage of application-based children approved for free and reduced price meal benefits that were verified and had their meal benefits unchanged, reduced, terminated and increased; determine the rate of non-response among households selected for verification.
- 3) **Accuracy of verification determinations:** among applications verified, determine the percentage of correct and incorrect decisions made by SFAs.<sup>8</sup>
- 4) **Reapplication patterns:** among households with benefits reduced or terminated, what is the percentage that reapply<sup>9</sup> within the same school year; and what is the approval status of such applications?
- 5) **Accuracy of meal ticket status:** among applications verified, what percent of students have accurate meal ticket status, where accuracy is defined as reflecting the most current application and related materials received by the SFA at the end of the school year?

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<sup>7</sup> A USDA-sponsored study estimated that 4.6 percent of all applications reviewed by SFAs in 1986-87 were improperly classified due to SFA administrative error. Two point four (2.4) percent were approved for free meals but should have been reduced price, 1.6 percent were approved for reduced price but should have been free and 0.6 percent were declared free or reduced price but should have been paid. (FNS, 1990) A 1981 study found that, among a sample of 38,414 students approved for free or reduced price meal benefits, 7 percent were incorrectly certified for the following reasons: 2.5 percent were in the wrong benefit category; 2.5 percent lacked information on the application for proper certification; applications were not in SFA files for 1.8 percent; and 0.3 percent were incorrect for other reasons (General Accounting Office, 1981).

<sup>8</sup> A USDA-sponsored study estimated that 2.5 percent of applications verified had inaccurate verification decisions in school year 1986-87. The audit of SFA verification decisions in that study decomposed these errors as follows: 1.9 percent of verified applications were determined to receive a greater level of benefits than supported by the income documentation provided while 0.6 percent of verified applications were determined to receive a lower level of benefits than supported by the income documentation provided.

<sup>9</sup> FNS regulations require that households verified whose benefits are reduced or terminated in a given year that wish to reapply must include documentation of their household income by source or provide documentation of their current eligibility for FS/TANF/FDPIR benefits.

## Section 4

### STUDY METHODS

#### 4.1 Data Collection

This study is based on case record abstractions prepared by reviewing a random sample of 3,474 applications selected for verification by these 14 school districts in the 2001-02 school year. To obtain the data, staff members from the seven Regional Offices of the Food and Nutrition Service (FNS) visited these districts for a period of between two to four days. During these visits, conducted between July 5 and September 27, 2002, FNS staff members knowledgeable<sup>10</sup> in NSLP certification and verification procedures conducted the following activities:

1. Identified all applications verified by the SFA in the 2001-02 school year<sup>11</sup>;
2. Selected a random sample within each SFA of up to approximately 300 of the applications verified<sup>12</sup>;
3. Located salient documentation associated with the application, verification and re-application processes for the sampled households.
4. Completed one questionnaire for each application.<sup>13</sup>
5. Completed one questionnaire for each SFA visited to collect district-wide statistics relating to enrollment and certifications as of October 31, 2001.<sup>14</sup>

While completing questionnaires for each application verified, staff members focused particular attention on certain aspects of the eligibility determination process. In the data collection process some important simplifying assumptions were made:

1. Income and household size information on applications were examined and other types of errors were ignored. To the extent that applications did not have all required elements (e.g., signature of an adult household member, Social Security Number, etc.) reviewers ignored this and did not consider it to be inaccurate.
2. SFAs are required, at the conclusion of verifying an application, to record an eligibility determination decision and notify the household of that decision if a change is warranted. In some cases, SFAs selected an application for verification

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<sup>10</sup> FNS staff members that collected data in this study are experts in child nutrition policy and participated in a two day training program in June 2002 at FNS Headquarters in Alexandria, VA.

<sup>11</sup> In a limited number of SFAs, necessary files were at a large number of schools across the district. In such cases, FNS did not review all applications. Rather FNS reviewers used procedures designed to obtain a random sample among all applications verified.

<sup>12</sup> FNS staff members used procedures designed to obtain a simple random sample among all applications selected for verification in the study year. Note that the sample frame from SFAs selected their verification sample is required to include all applications approved as of October 31, and does not include applications approved after that date through the remainder of the school year.

<sup>13</sup> An example of the data collection forms used by FNS Regional Office staff members in this activity is included as Appendix A.

<sup>14</sup> Between September 15 and December 15, 2002, data entry and cleaning was conducted within the Office of Analysis, Nutrition and Evaluation. During the data entry and processing stage, FNS researchers interacted with FNS RO staff who had conducted the site visits to ensure a high level of data accuracy.

but did not record any outcome. These incomplete verifications were classified as being in error.

3. Reviewers sought to determine if the children of verified households left the school district after being selected for verification. To the extent that changes in enrollment were identified, these cases were excluded from the analysis following their departure from the district.

#### **4.2 Sample Size, Generalizability and Statistical Weights**

The 14 SFAs included in this study verified a total of 7,223 applications in school year 2001-02. FNS abstracted records for 3,474 applications verified among the 14 SFAs, or an average of 248 applications per study SFA. FNS reviewed 48 percent of all applications verified by study SFAs in 2001-02.

In three SFAs – Little Rock, AR, Prince William County, VA, and Boston, MA – FNS collected data on all verifications conducted by December 15, 2001. (See Table 1.) For the remaining 12 study SFAs, FNS collected information for a random sample of between 5 and 99 percent of all applications selected for verification.

For each set of results in this report, weighted averages are presented for the six districts that used random sampling and for the eight districts that used focused sampling. To obtain average results for the group of random sampling study districts and the group of focused sampling districts, weights were computed to reflect the proportion of application-based free and reduced price approved children in each district. If, for example, one of the eight focused sampling SFAs had 20 percent of all F/RP application-based F/RP approved children, that SFA would contribute 20 percent to the focused sampling district averages presented in the report.

Likewise, a 14 SFA average is presented. The 14 SFA averages are weighted such that random sampling and focused sampling districts comprise 69 and 31 percent, respectively, of the average. These weights reflect the most recent estimate of the proportion of children approved for free and reduced price meals that attend school in random sampling and focused sampling districts, respectively (USDA / ERS, 2003).

Notwithstanding the weighting procedures used in this study, an important limitation relates to the statistical generalizability of applications selected for verification to the population of all applications in study SFAs. Conceptually, in random sampling districts, the sample selection techniques of the verification process were designed to provide a proxy for a scientific sample of all application-approved households. In practice in the school setting, however, procedures used by random sampling districts may not reflect a scientific sample in which each application has an equal probability of selection. For example, some study districts selected all verified applications from a random sample of schools; some schools were excluded from selection because they had been sampled in recent years.

Focused sampling is designed to select:

- a) a random sample of households whose reported monthly income was \$100 or less below the income eligibility threshold for free and for reduced price meals; and
- b) a random sample of categorically-approved applications.

As such, results for the focused sampling districts do not reflect a simple random sample of all approved applications. Conceptually, households approved on the basis of income and household size whose incomes are more than \$100 below the income eligibility threshold for free and for reduced price meals are excluded from selection. In the current study, however, we found that 25 percent of applications reviewed in focused sampling districts fell outside the income range. (See Appendix C.)

In sum, in terms of statistical generalizability, caution should be exercised in interpreting verification results from the six random sampling districts, the eight focused sampling districts and the combined 14 district sample in light of the verification sampling techniques described above.

#### **4.3 Limitations of the Benefit Reduction Termination Rate to Proxy for Ineligibility**

In the income verification process, SFAs determine on the basis of household response in December that some children are not income eligible for the level of benefits for which they were approved near the beginning of the school year. SFAs also are required to change to paid the meal ticket status of non-respondent households. On the basis of SFA experience in the verification process, this study provides estimates of the benefit reduction / termination rate (BRT). For several reasons, the BRT may have limited usefulness in proxying for the rate of income-ineligibility among F/RP approved children. A 1990 USDA-sponsored study showed that, notwithstanding SFA administrative errors, the BRT consists of two parts:

1. error attributable to misreporting at the time of application, and
2. error attributable to a failure of households to declare changes in household circumstances that occurred during the school year.

The study estimated that 61.5 percent of all households verified by SFAs (whether or not their benefits were changed) had a change in monthly income of \$50 or more between the time of application and the time of verification. The study also found that 22.2 percent of those households with income changes of \$50 or more result in a decrease (from free to reduced price or free or reduced price to paid) in the household's income eligibility status while 1.8 percent of income changes resulted in an increase in the household's income eligibility status (from reduced price to free). (USDA, 1990)

The study also estimated, based on in-home interviews with non-respondents, that 67 percent were income-eligible for the benefits for which they had been approved prior to verification and 81 percent were eligible for either free or reduced price meal benefits.

For these reasons, results from the verification process should not be interpreted as being a proxy for either a) income-eligibility and income-ineligibility among free and reduced price approved households; or b) the accuracy of the application process.

#### **4.4 Data processing and quality control**

FNS Regional Office (RO) staff conducted data collection in two ways. For 12 of 14 study SFAs, RO staff recorded information on paper forms as shown in Appendix A while in the remaining two SFAs RO staff recorded the information electronically using a Microsoft Excel 2000 version of the paper form. Upon completion of data collection, RO staff sent the original copies of completed questionnaires to the Office of Analysis, Nutrition and Evaluation (OANE) while retaining either a paper or electronic copy of these documents. Data entry was conducted using SPSS/PC 10.0 software. During and subsequent to data collection, there was frequent interaction between OANE and RO staff to ensure accurate interpretation of many questionnaires.

#### **4.5 Characteristics of SFAs studied in this activity**

FNS collected information in 14 SFAs. The SFAs selected have wide geographic representation; in each of seven FNS Regions, two SFAs were selected. A list of SFAs included in this study, and some of their characteristics are found in Table 1. These 14 SFAs enrolled 949,747 children as of October 31, 2001, among whom 45 percent were approved for free meals and 7 percent were approved for reduced price meals. Table 1 and Figures 2 and 3 also show that study SFAs had a higher percentage of students approved for free meals than that found in all NSLP schools – 33 percent - according to information reported by State Agencies and contained in FNS' National Data Bank. However, 7 percent of children enrolled in these districts are approved for reduced price meals, lower than the national average of 8 percent.<sup>15</sup>

St. Louis, MO and Buffalo, NY had the highest percentage of children approved for either free or reduced price (F/RP) meals at 82 and 78 percent, respectively. Jefferson County, CO (13 percent) and Anne Arundel County, MD (16 percent) had the lowest F/RP approval rate among enrolled children.

Detroit was the largest of study SFAs with an enrollment of 178,084 students. The smallest study SFA was Little Rock, Arkansas with 24,460 students.

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<sup>15</sup> The presentation of results in this study does not reveal the identity of the districts from which they are drawn. The presentation of results provides statistics for the group of six random sampling districts and the group of eight focused sampling districts. However, these results do not associate district names with results from any given district. The appendix tables, rather, identify districts using a letter code such that a given district maintains its identity thru all tables.

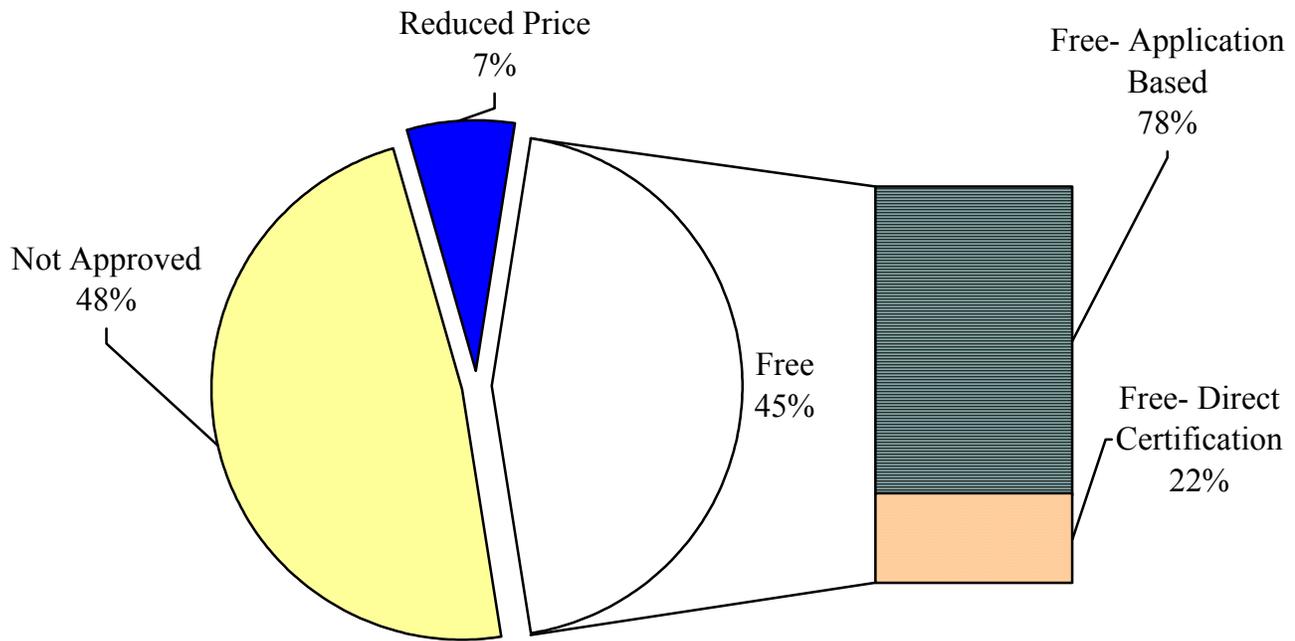
**Table 1. Characteristics of School Food Authorities Included in this Study, October 2001.**

Type of Application	Enrollment	Approved Free as Percentage of Enrollment	Among free approved, percentage directly certified	Among free approved, percentage application-based	Approved Reduced Price as Percentage of Enrollment	Applications Selected for Verification	Applications Reviewed and Analyzed by FNS	Verified Applications Reviewed as Percentage of Verified Applications
U.S. Total	47,925,735	33%	25% / 17%*	75% / 83%*	8%			
14 SFA Total	949,747	45%	22%	78%	7%	7,223	3,474	48%
6 Random SFA Total	361,348	40%	15%	85%	8%	4,693	1,729	37%
8 Focused SFA Total	588,399	48%	26%	74%	7%	2,530	1,745	69%
<u>Random Sampling Districts</u>								
Anne Arundel Co, Maryland	multi child	75,141	11%	1%	99%	502	253	50%
DeKalb County, Georgia	multi child	96,262	45%	8%	92%	1,946	299	15%
Lee County, Florida	individual child	61,830	33%	14%	86%	857	300	35%
Little Rock, Arkansas	individual child	24,460	52%	31%	69%	310	310	100%
St. Louis, Missouri	individual child	41,336	78%	45%	55%	564	324	57%
Tucson, Arizona	multi child	62,319	45%	15%	85%	514	243	47%
<u>Focused Sampling Districts</u>								
Boston, Massachusetts	multi child	63,445	59%	12%	88%	298	298	100%
Buffalo, New York	individual child	46,869	65%	17%	83%	462	298	65%
Cincinnati, Ohio	multi child	44,872	53%	35%	65%	191	190	99%
Detroit, Michigan	multi child	178,084	58%	48%	52%	716	300	42%
E Baton Rouge, Louisiana	multi child	50,475	59%	28%	72%	182	173	95%
Jefferson Co, Colorado	multi child	86,006	10%	16%	84%	91	89	98%
Prince William Co, Virginia	multi child	58,010	16%	19%	81%	71	71	100%
Santa Ana, California	individual child	60,638	60%	0%	100%	519	326	63%

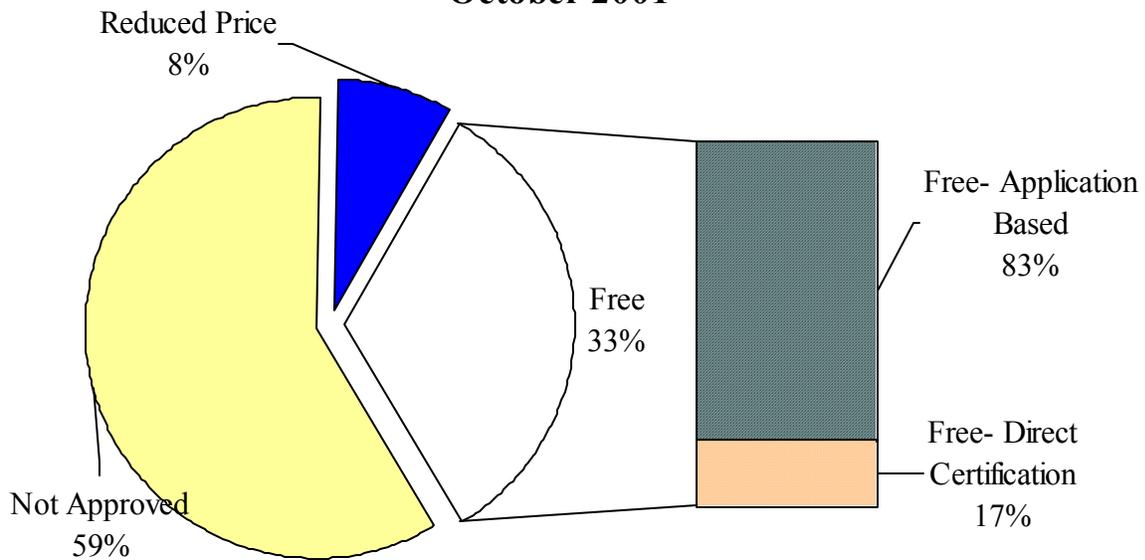
\* The first percentage represents districts that used direct certification; the second percentage represents all districts. These percentages also include children approved for free meals and reduced price meals in Provision 2/3 schools where annual eligibility determinations are done in accordance with these regulatory provisions.

Source: Review conducted by FNS RO staff (2002) and forthcoming USDA-sponsored report (USDA/ERS, 2003)

**Figure 2. Certification Status of Children in 14 Study SFAs**



**Figure 3. Certification Status of Children in NSLP Schools in the 50 States and District of Columbia, October 2001**



Six of the 14 study SFAs select their verification sample using a random approach while the remaining eight used a focused sample selection approach.<sup>16</sup> FNS selected districts to be included in this study on the basis of their verification sample selection method. A balance of SFAs that used random and focused methods for verification was sought. Six SFAs that used random sampling and eight SFAs that used focused sampling were selected and included in this study.

FNS regulations exclude directly certified children from the verification process. Thirteen of the 14 study SFAs used direct certification in 2001-02 to approve children for free meals; Santa Ana, CA was the only study SFA that did not use direct certification in the study year. On average, 22 percent of free approved children were directly certified across these districts. Therefore, on average 78 percent of free approved children were approved on the basis of an application and were subject to the verification process. All reduced price approved applications are subject to being sampled in the verification process.

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<sup>16</sup> FNS regulations provide SFAs with an option of selecting a sample of approved applications for verification thru either a random or focused approach. These procedures are outlined in Eligibility Guidance for School Meals Manual (FNS, 2001).

## Section 5

### STUDY RESULTS

#### 5.1 Characteristics of Verified Applications

Table 2 and Figure 4 show that among the 14 SFAs included in this study, an average of 63.5 percent of applications in the verification sample were approved for free meals on the basis of income and household size, 17.5 percent were approved for free meals on the basis of categorical eligibility<sup>17</sup> and 19.0 percent were approved for reduced price meals.

#### 5.2 Accuracy of the SFA Application Review Process

Table 3 and Figure 5 show that, on average, 94.3 percent of applications approved on the basis of household income and size were approved for the correct level of benefits, based on the information provided on the applications.<sup>18</sup> Approval accuracy rates across the 14 SFAs where application materials were reviewed by FNS staff ranged from a low of 84.3 percent to a high of 98.4 percent.

With regard to the 5.7 percent of applications approved inaccurately, FNS found that, on average 4.9 percent were approved for a greater level of meal benefits than was supported by information on the application. In 0.9 percent of approved applications, households were provided for reduced price meal benefits but should have been approved for free meal benefits.<sup>19</sup> To the extent that inaccurate determinations were made among applications reviewed by FNS, it was more common that households were provided with a greater level of benefits than supported by their application rather than less benefits than supported by their application. FNS did not examine applications submitted by households that had resulted in benefits being denied to households. As such, we do not have information on the accuracy of determinations regarding denied applications and what number may have been denied in error by SFAs.

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<sup>17</sup> Categorical eligibility is defined as the process by which a household reports a FS/TANF/FDPIR case number on an application for free or reduced price meal benefits. Such household applications do not require information on household income and size.

<sup>18</sup> FNS reviewers did not make an assessment about the accuracy of applications approved on the basis of categorical eligibility. The rates reported in Table 3 are representative of applications approved for free or reduced price meals on the basis of income and household size. Results do not take into account the accuracy of applications submitted by households where benefits were denied by the SFA.

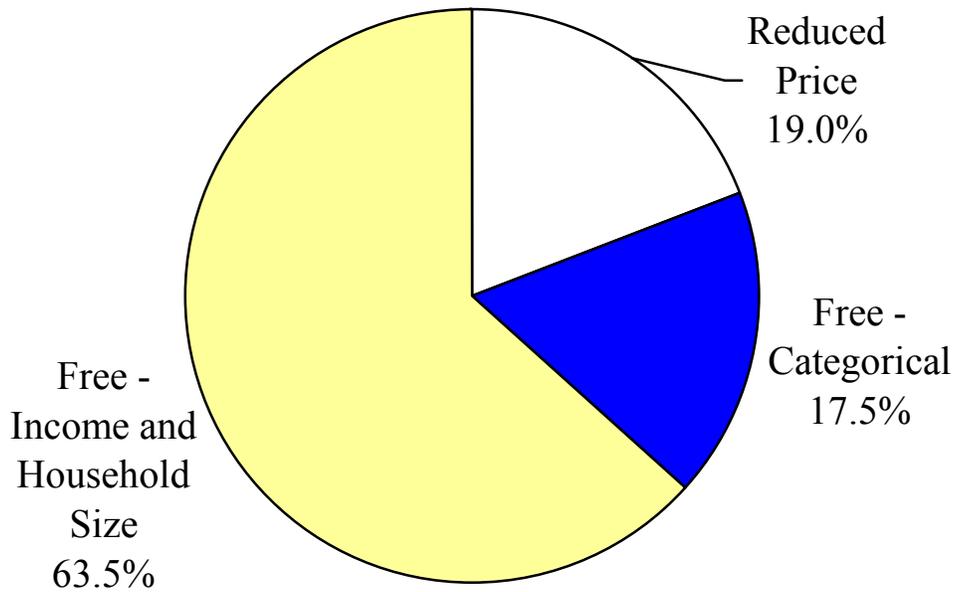
<sup>19</sup> Results reflect the accuracy of applications approved for F/RP meal benefits and do not reflect applications submitted by households that were denied benefits. FNS did not review denied applications at study SFAs. To the extent that SFAs denied applications appropriately, this would increase the application approval accuracy rate.

Table 2. Initial certification status of verified applications reviewed by FNS

	Free		Reduced Price
	Categorical	Income & HH Size	
-- percent of verified applications reviewed by FNS --			
14 SFA Average	17.5%	63.5%	19.0%
6 Random SFA Total	18.5%	64.5%	17.0%
8 Focused SFA Total	15.3%	61.3%	23.3%
<u>Random Sampling Districts</u>			
A	8.0%	67.7%	24.3%
B	15.1%	66.6%	18.4%
C	17.7%	68.1%	14.2%
D	29.2%	45.5%	25.3%
E	33.0%	63.9%	3.1%
F	19.3%	65.0%	15.6%
<u>Focused Sampling Districts</u>			
H	16.8%	63.6%	19.7%
I	9.9%	43.7%	46.5%
J	12.9%	69.0%	18.1%
K	33.2%	48.9%	17.9%
L	14.0%	61.3%	24.7%
M	1.0%	72.5%	26.5%
N	32.2%	44.6%	23.2%
P	6.7%	73.0%	20.2%

Source: Review conducted by FNS RO staff (2002).

**Figure 4. Pre-Verification Status of Verified Applications in Study SFAs**



**Figure 5. Accuracy of SFA Eligibility Determinations Among Income-Based Applications**

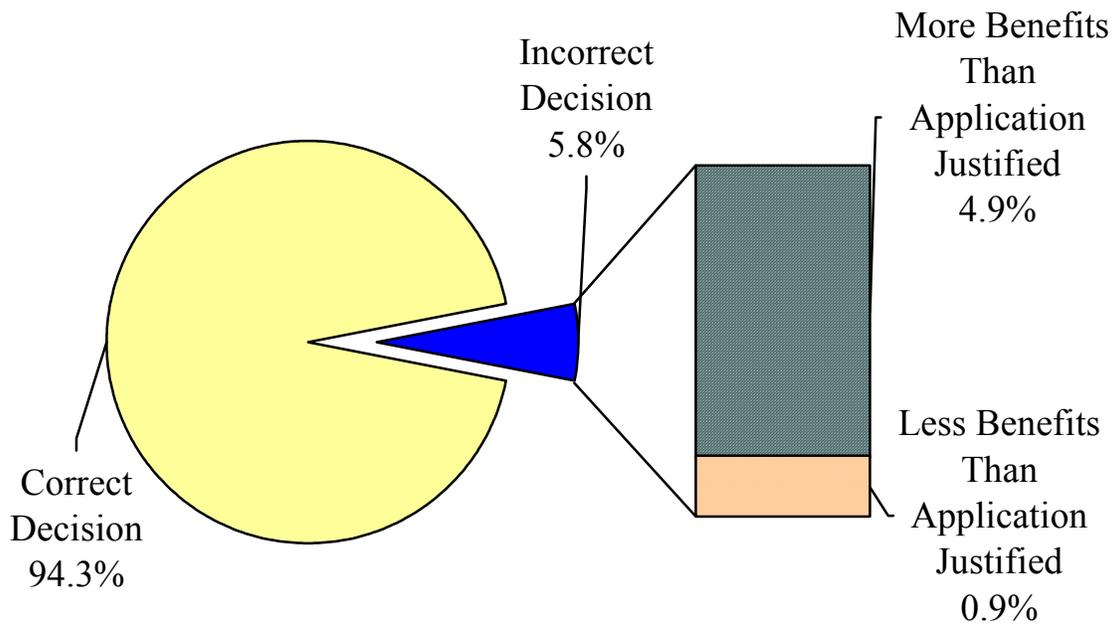


Table 3. Accuracy of applications approved on the basis of income and household size reviewed

	Decision Correct	Income & HH Size				
		Certified for <b>Greater</b> Benefits than Application Justified			Certified for <b>Less</b> Benefits than Application Justified	
		F but Should Have Been RP	F but Should Have Been P	RP but Should Have Been P	Total	RP but should have been F
14 SFA Average	94.3%	4.1%	0.3%	0.5%	4.9%	0.9%
6 Random SFA Total	94.5%	4.1%	0.1%	0.4%	4.6%	0.9%
8 Focused SFA Total	93.7%	4.0%	0.5%	1.0%	5.5%	0.9%
<u>Random Sampling Districts</u>						
A	96.7%	1.8%	0.0%	0.4%	2.2%	1.1%
B	94.9%	3.1%	0.0%	0.8%	3.9%	1.2%
C	91.8%	7.1%	0.4%	0.4%	7.8%	0.4%
D	97.8%	1.7%	0.0%	0.0%	1.7%	0.6%
E	90.8%	9.2%	0.0%	0.0%	9.2%	0.0%
F	94.4%	4.1%	0.5%	0.0%	4.6%	1.0%
<u>Focused Sampling Districts</u>						
H	96.5%	2.8%	0.0%	0.0%	2.8%	0.7%
I	98.4%	0.0%	0.0%	1.6%	1.6%	0.0%
J	92.3%	5.3%	1.1%	0.4%	6.7%	1.1%
K	96.9%	2.4%	0.8%	0.0%	3.1%	0.0%
L	90.3%	6.6%	0.4%	1.2%	8.1%	1.6%
M	94.7%	0.6%	0.6%	2.9%	4.1%	1.2%
N	98.0%	1.5%	0.5%	0.0%	2.0%	0.0%
P	84.3%	14.5%	0.0%	1.2%	15.7%	0.0%

Note: 42 percent of applications were not available for review in District M. Results are reflective of applications reviewed by FNS.

\* Note: FNS review did not examine whether categorical application determinations were accurate.

Source: Review conducted by FNS RO staff (2002)

### 5.3 Results of the Verification Process

Table 4 and Figure 6 show that, on average, 43 percent of applications verified in the 14 study districts had their benefit levels unchanged as a result of the verification process, while 55 percent had a benefit reduction / termination and 2 percent had an increase in benefits from reduced price to free. Non-response to the verification process accounted for over 70 percent of applications that had benefits reduced or terminated. Focused sampling SFAs had a higher rate of benefit reduction / termination (75 percent) compared to random sampling SFAs (46 percent). The higher benefit reduction / termination rate in focused SFAs v. random sampling SFAs is associated with a higher non-response rate (58 percent v. 37 percent) among verified households. Random sampling SFAs had a higher rate of benefit increase from reduced price to free (3 percent) compared to focused sampling SFAs (1 percent).

Tables 5 and 6 decompose verification results between those applications:

- initially approved on the basis of income and household size; and
- initially approved on the basis of categorical eligibility.

#### A) Income and Household Size Applications

Table 5 presents the results of the verification process for applications initially approved on the basis of income and household size. This table shows three noteworthy patterns:

- 1) On average, nearly one-half of verified applications had benefits terminated due to non-response. While the average rate of non-response was 44.8 percent; the average non-response rate was higher in focused sampling districts (51.8 percent) than in random sampling districts (41.7 percent).<sup>20</sup>
- 2) Overall, there is a lower average rate of benefit reduction / termination in random sampling districts (52.4 percent of verified applications) than in focused sampling districts (68.4 percent).
- 3) Among respondents, there is also a lower average rate of benefit reduction / termination in random sampling districts (18.3 percent of respondent households) than in focused sampling districts (34.4 percent).

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<sup>20</sup> In three of 14 study districts, FNS reviewers determined that the SFA began but did not complete the verification process for some approved income and household size applications. For the purpose of this study, we define such cases as inaccurate verification determinations. This represented an average of 1.6 percent of free approved applications verified and 1.0 percent of reduced price approved applications verified. In these instances, the SFAs made no changes to the benefit level of affected children.

Table 4. Summary of verification determinations

	SFA Verification Determination			
	Benefits unchanged	Benefits increased	Benefits reduced or terminated due to response	Benefits terminated due to non-response
14 SFA Average	43%	2%	12%	43%
6 Random SFA Total	51%	3%	9%	37%
8 Focused SFA Total	25%	1%	17%	58%
<u>Random Sampling Districts</u>				
A	19%	3%	9%	69%
B	59%	4%	7%	29%
C	30%	1%	7%	62%
D	47%	3%	5%	45%
E	64%	0%	3%	33%
F	65%	2%	19%	15%
<u>Focused Sampling Districts</u>				
H	24%	1%	24%	50%
I	28%	1%	31%	39%
J	22%	1%	18%	59%
K	38%	0%	16%	45%
L	15%	0%	10%	75%
M	15%	1%	19%	64%
N	49%	2%	14%	35%
P	31%	1%	20%	48%

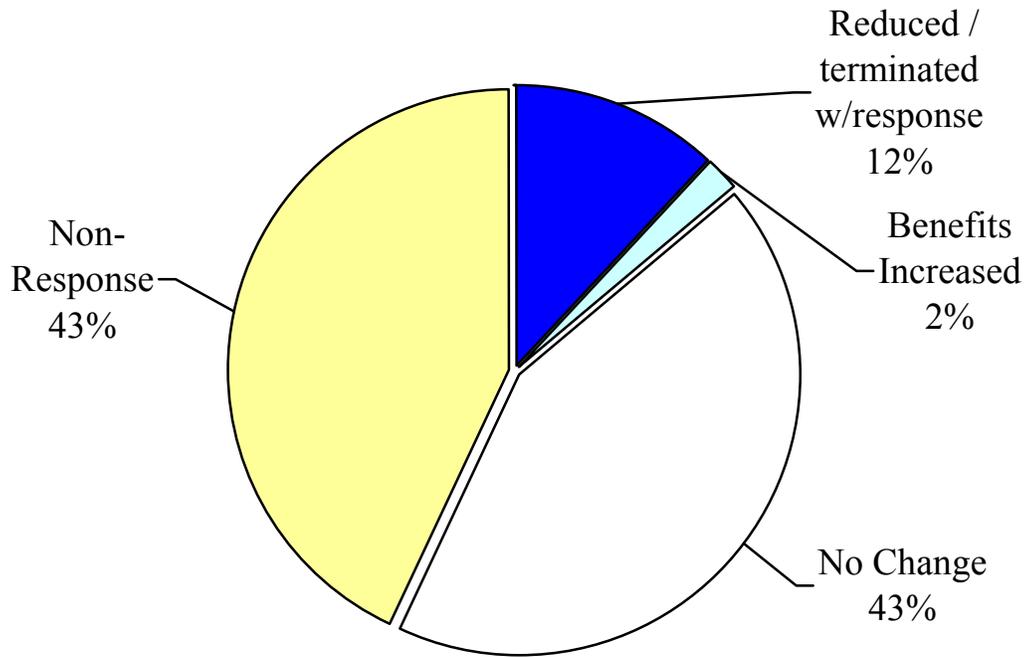
Source: Review conducted by FNS RO staff (2002)

Table 5. Summary of verification determinations for applications approved on the basis of income and household size.

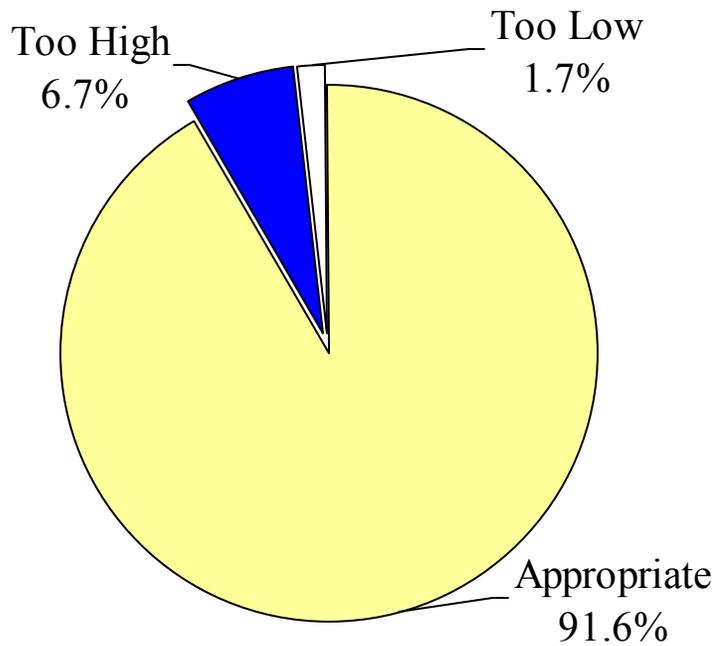
SFA Verification Determination						
	Benefits unchanged	Benefits increased	Benefits reduced or terminated due to response	Benefits terminated due to non-response	Total benefit reduction or termination	Among responders, rate of benefit reduction / termination
14 SFA Average	35.3%	2.5%	12.5%	44.8%	57.3%	22.7%
6 Random SFA Total	44.4%	3.2%	10.7%	41.7%	52.4%	18.3%
8 Focused SFA Total	15.0%	0.8%	16.6%	51.8%	68.4%	34.4%
<u>Random Sampling Districts</u>						
A	15.3%	3.3%	10.2%	71.3%	81.5%	35.5%
B	56.3%	5.1%	7.5%	31.1%	38.6%	10.9%
C	27.5%	1.6%	8.2%	62.7%	71.0%	22.1%
D	29.1%	3.9%	6.7%	60.3%	67.0%	16.9%
E	49.5%	0.5%	4.6%	45.4%	50.0%	8.5%
F	56.6%	2.0%	23.0%	18.4%	41.3%	28.1%
<u>Focused Sampling Districts</u>						
H	22.2%	1.4%	25.7%	50.7%	76.4%	52.1%
I	20.3%	1.6%	34.4%	43.8%	78.1%	61.1%
J	16.6%	1.1%	21.2%	61.1%	82.3%	54.5%
K	19.7%	0.0%	24.4%	55.9%	80.3%	55.4%
L	7.4%	0.0%	11.6%	81.0%	92.6%	61.2%
M	15.6%	1.0%	19.3%	64.1%	83.4%	53.8%
N	33.7%	2.5%	20.3%	43.6%	63.9%	36.0%
P	28.1%	1.2%	22.0%	48.7%	70.7%	42.9%

Source: Review conducted by FNS RO staff (2002).

**Figure 6. Verification Results in 14 Study SFAs**



**Figure 7. Accuracy of SFA Verification Determinations**



*Benefit reduction v. termination: What can we learn about the income levels of households approved for free meals on the basis of income and household size?*

Households approved for free meals that respond to the SFA verification request can have their benefit level unchanged, reduced or terminated. A benefit reduction should occur when a household is determined, at the time of verification, to have income between 130 and 185 percent of the Federal Poverty Level (FPL); a termination changing the child's meal ticket status to paid should occur when a household reports income above 185 percent FPL.

Among free approved applications selected for verification in which households responded and had a benefit change, 72.4 percent of children had their benefits *lowered to reduced price* while 27.6 percent had their benefits terminated. This finding is consistent with those from a USDA-sponsored study of the 1986-87 school year that found 70.1 percent of free-approved households that responded to the verification request that had their benefits changed were changed to reduced price. (USDA, 1990)

## **B) Categorical applications**

Categorical applications – those initially approved on the basis of household provision of a FS/TANF/FDPIR case number – may be verified in one of two ways by SFAs. In one approach, the SFA may send a verification notice to the household requesting documentation of either continued FS/TANF/FDPIR eligibility or documentation of current income and household size. In an alternative method, the SFA may seek confirmation from a local FS/TANF/FDPIR office of the household's continued receipt of program benefits. If the FS/TANF/FDPIR agency does not affirm the household's receipt of program benefits, the SFA must notify the household of this information and request that the household respond to the verification request.

Table 6 shows that 70.4 percent of categorical applications, on average, had their meal benefit levels unchanged in the verification process on the basis of either a household response or an FS/TANF confirmation of contemporaneous receipt in these programs.<sup>21</sup> A higher percentage of categorical applications remained unchanged in random sampling districts (78.3 percent) than in focused sampling districts (52.8 percent).

The average benefit reduction / termination rate among categorically approved applications was 29.6 percent. This represents administrative ineligibility in accordance with FNS regulations though it does not address the question of income ineligibility.

## **5.4 Accuracy of SFA verification decisions**

FNS reviewers assessed the accuracy of SFA verification decisions on the basis of information provided by households in the verification process. Table 7 and Figure 7

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<sup>21</sup> FNS analysis of SFA administrative records indicates that 2.5 percent of categorical applications verified had benefits unchanged because the SFAs began but did not complete the verification process.

Table 6. Summary of verification determination of categorically approved applications.

	SFA Verification Determination			
	Based on HH response with documentation or FS/TANF agency response			Non-response by HH by December 15, 2001 and / or FS/TANF Agency did not confirm current eligibility
	F	RP	P	P
14 SFA Average	70.4%	2.2%	0.1%	27.3%
6 Random SFA Total	78.3%	2.4%	0.0%	19.2%
8 Focused SFA Total	52.8%	1.7%	0.4%	45.1%
<u>Random Sampling Districts</u>				
A	62.5%	0.0%	0.0%	37.5%
B	73.3%	6.7%	0.0%	20.0%
C	40.0%	0.0%	0.0%	60.0%
D	91.9%	1.4%	0.0%	6.8%
E	93.2%	0.0%	0.0%	6.8%
F	97.9%	0.0%	0.0%	2.1%
<u>Focused Sampling Districts</u>				
H	34.5%	13.8%	3.4%	48.3%
I	100.0%	0.0%	0.0%	0.0%
J	54.8%	0.0%	0.0%	45.2%
K	76.2%	0.0%	0.0%	23.8%
L	59.5%	0.0%	0.0%	40.5%
M	0.0%	0.0%	0.0%	100.0%
N	82.3%	2.1%	0.0%	15.6%
P	66.7%	0.0%	0.0%	33.3%

Source: Review conducted by FNS RO staff (2002).

Table 7. Was SFA verification decision appropriate based on FNS review?

	Verification decision resulted in benefit level that was:		
	Appropriate	Too high	Too low
	-- percent of applications verified --		
14 SFA Average	91.6%	6.7%	1.7%
6 Random SFA Total	89.4%	8.8%	1.8%
8 Focused SFA Total	96.4%	2.1%	1.5%
<u>Random Sampling Districts</u>			
A	97.0%	2.7%	0.3%
B	89.3%	7.4%	3.3%
C	98.4%	1.3%	0.3%
D	97.6%	0.4%	2.0%
E	69.7%	29.1%	1.2%
F	90.1%	8.6%	1.2%
<u>Focused Sampling Districts</u>			
H	94.8%	1.7%	3.5%
I	98.6%	1.4%	0.0%
J	94.2%	1.8%	4.0%
K	98.9%	1.1%	0.0%
L	96.7%	3.3%	0.0%
M	96.3%	2.3%	1.3%
N	99.0%	0.7%	0.3%
P	94.3%	3.4%	2.3%

\* Note: For a total of 87 income & household size applications, the FNS reviewer could not obtain complete documentation and thus could not assess the accuracy verification process.

\* Note: FNS review did not examine whether categorical applications were appropriate.

Source: Review conducted by FNS RO staff (2002)

shows that, on average, 91.6 percent of verification decisions were appropriate and that 8.4 percent of verification decisions were inappropriate.<sup>22</sup> On average, where SFAs made verification determination errors, the errors were much more likely to result in an inappropriately high level of benefits for households, rather than an inappropriately low one, by a ratio of 6.7 percent to 1.7 percent. There was wide variation in the accuracy of SFA verification determinations across the 14 SFAs. Four SFAs had a verification determination accuracy rate that exceeded 98 percent. One SFA had a verification determination accuracy rate of 69.7 percent; in this SFA the bulk of inaccurate determinations were a result of the SFA not completing the verification process. On average, focused sampling SFAs had a higher verification accuracy rate (96.4 percent) than random sampling SFAs (89.4 percent).

### **5.5 Reapplication patterns and SFA accuracy**

Households whose free or reduced price meal benefits are terminated during the verification process may reapply for meal benefits during the same school year. FNS regulations require that such reapplications must be accompanied by documentation of household income and size or of current FS/TANF/FDPIR receipt.<sup>23</sup> Table 8 and Figure 8 show that, on average, 28.9 percent of households that had benefits reduced or terminated in the verification process across the 13 SFAs where reviewers were able to gather this type of information reapplied for free or reduced price meal benefits during the remainder of the school year. The reapplication rate was higher in random sampling districts (37.7 percent) than in focused sampling districts (9.3 percent).

Table 8 provides information about the SFA decision regarding reapplicants' free and reduced price eligibility on the basis of their reapplication materials. FNS reviewers determined that 69.4 percent of reapplications were approved for free meals and 23.5 percent of reapplications were approved for reduced price meals. In 7.1 percent of reapplications, SFAs determined that households were not eligible for free or reduced price meal benefits on the basis of information submitted.<sup>24</sup>

Table 8 shows that a greater percentage of reapplications were approved for free or reduced price meal benefits in random sampling districts (95.5 percent) than in focused sampling districts (87.0 percent).

Further, with regard to reapplications, the accuracy of 256 SFA determinations was reviewed. We found that in 95 percent (or 242 cases) of reapplications SFAs made an accurate determination on the basis of information provided by households while in 5 percent (or 14 cases) of reapplications SFAs made an inaccurate decision. Because of small sample sizes, we do not present district-level results of reapplication determination accuracy.

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<sup>22</sup> For purposes herein, all applications selected for verification where the SFA did not complete the verification process are classified as inappropriate decisions.

<sup>23</sup> In one study SFA, FNS did not review whether any households whose benefits had been reduced or terminated in the verification process had submitted a new application later in the 2002-03 school year. This district is excluded from the multi-SFA averages for all computations shown in this table.

<sup>24</sup> In 15.5 percent of cases where FNS determined that households reapplied, FNS reviewers were not able to determine the decision made by the SFA. These cases are excluded from this analysis.

Table 8. Reapplication among households w/ benefits reduced or terminated

	Reapplied, excluding cases FNS was not able to review?		Among households that reapplied, the determination by SFA was:		
	Yes	No	F	RP	Paid
14 SFA Average	28.9%	71.1%	69.4%	23.5%	7.1%
6 Random SFA Total	37.7%	62.3%	69.5%	26.0%	4.5%
8 Focused SFA Total	9.3%	90.7%	69.1%	17.9%	13.0%
<u>Random Sampling Districts</u>					
A	n.a.	n.a.	n.a.	n.a.	n.a.
B	26.4%	73.6%	67.6%	21.6%	10.8%
C	53.8%	46.2%	76.5%	23.5%	0.0%
D	34.9%	65.1%	0.0%	100.0%	0.0%
E	3.6%	96.4%	100.0%	0.0%	0.0%
F	75.0%	25.0%	77.8%	22.2%	0.0%
<u>Focused Sampling Districts</u>					
H	14.4%	85.6%	30.0%	40.0%	30.0%
I	7.7%	92.3%	33.3%	66.7%	0.0%
J	14.3%	85.7%	70.0%	23.3%	6.7%
K	15.5%	84.5%	85.7%	14.3%	0.0%
L	5.2%	94.8%	75.0%	16.7%	8.3%
M	3.2%	96.8%	60.0%	0.0%	40.0%
N	12.2%	87.8%	92.9%	7.1%	0.0%
P	2.0%	98.0%	100.0%	0.0%	0.0%

\* Note: FNS review did not examine whether categorical applications were appropriate.

Source: Review conducted by FNS RO staff (2002)

Table 9. Accuracy of end of year meal ticket status

	End of year status		Among those that were not correct, why?		Among those that were not correct, was end of year meal ticket status too high or too low?	
	Correct	Incorrect	Incorrect verification decision	Did not make necessary change to meal ticket status, but verification decision correct	Too high	Too low
14 SFA Total	82.6%	17.4%	57.5%	42.5%	78.6%	21.4%
6 Random SFA Total	77.9%	22.1%	58.6%	41.4%	78.8%	21.2%
8 Focused SFA Total	93.1%	6.9%	55.0%	45.0%	78.1%	21.9%
<u>Random Sampling Districts</u>						
A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
B	79.0%	21.0%	51.8%	48.2%	82.1%	17.9%
C	96.7%	3.3%	50.0%	50.0%	90.0%	10.0%
D	93.7%	6.3%	44.4%	55.6%	66.7%	33.3%
E	39.0%	61.0%	59.7%	40.3%	98.6%	1.4%
F	89.1%	10.9%	78.3%	21.7%	60.9%	39.1%
<u>Focused Sampling Districts</u>						
H	90.3%	9.7%	100.0%	0.0%	33.3%	66.7%
I	98.6%	1.4%	100.0%	0.0%	100.0%	0.0%
J	91.5%	8.5%	70.4%	29.6%	51.9%	48.1%
K	98.9%	1.1%	50.0%	50.0%	100.0%	0.0%
L	91.4%	8.6%	33.3%	66.7%	100.0%	0.0%
M	94.2%	5.8%	58.8%	41.2%	76.5%	23.5%
N	94.8%	5.2%	20.0%	80.0%	93.3%	6.7%
P	90.4%	9.6%	57.1%	42.9%	71.4%	28.6%

## 5.6 Accuracy of end of year meal ticket status

FNS reviewers sought to examine the end of year meal ticket status of applications studied in this project that remained enrolled in the SFA thru the end of the 2001-02 school year. There were 828 out of 3,470 salient cases where end of year status information was not available at the time of data collection.<sup>25</sup>

The meal ticket status represents the level of benefits (i.e., free, reduced price or paid) that is recorded in the SFA's counting and claiming system for children that obtained a school lunch. Table 9 and Figure 9 show that the average rate of accuracy<sup>26</sup> of end of year meal ticket status among cases reviewed by FNS was 82.6 percent. Of the meal ticket status of 17.4 percent of applications selected for verification was reviewed by FNS was incorrect.

The meal ticket status accuracy in three of 13 districts studied was over 96 percent correct, seven others had accuracy rates ranging from 90 to 96 percent, while the remaining three SFAs had accuracy rates of 89.1 percent, 79.0 percent and 39.0 percent.

Table 9 decomposes cases that had inaccurate meal ticket status at the end of the school year. In 57.5 percent of these cases, the reason for incorrect meal ticket status was that the verification determination was incorrect compared to the documentation provided by the household.

In 42.5 percent of cases with inaccurate meal ticket status, the reason was that the SFA had not made the appropriate change in the meal ticket status required as a result of the verification process.<sup>27</sup>

Table 9 also addresses the question: Among those students with incorrect meal ticket status, was the actual meal ticket status too high or too low? On average, 78.6 percent of cases with incorrect meal ticket status had benefit levels that were too high, while the remainder, or 21.4 percent had meal ticket status that was too low (reduced price but should have been free). In 12 of 13 SFAs studied, FNS found that it was more frequent that children were approved for a level of benefits higher than the level consistent with their application / verification file than vice versa.

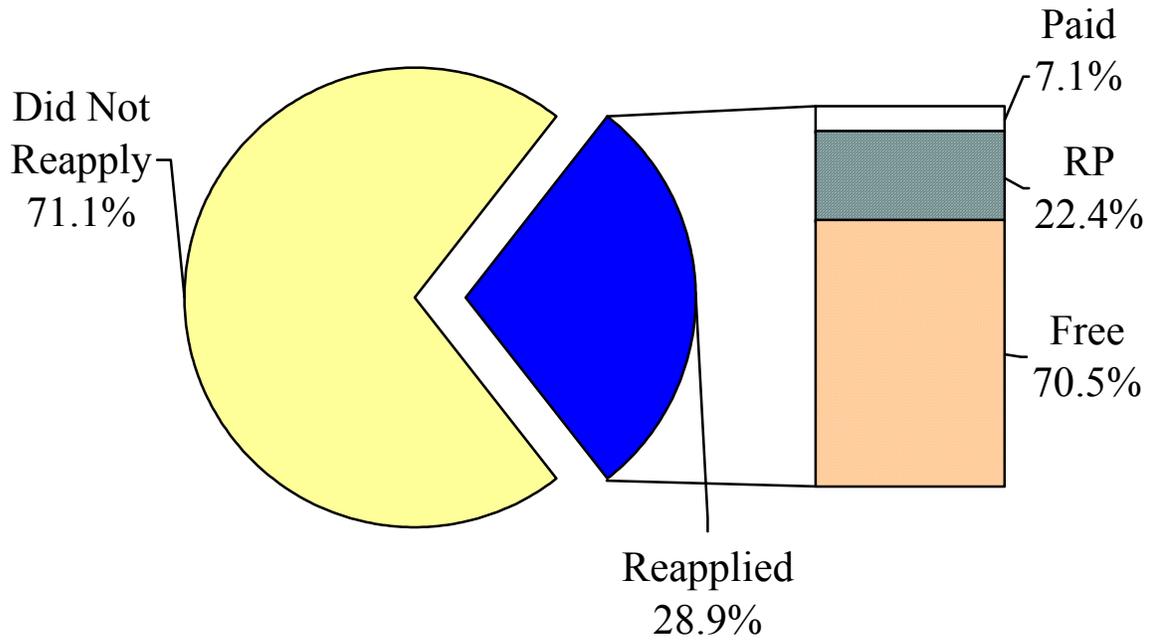
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<sup>25</sup> FNS reviewers were not able to examine the end of year meal ticket status for an average of 23.7 percent of verified applications reviewed in 14 SFAs. In one SFA, FNS reviewers did not examine the meal ticket status of any applications included in this study. In the remainder of study SFAs, we examined the meal ticket status of most, but not all applications reviewed in this study.

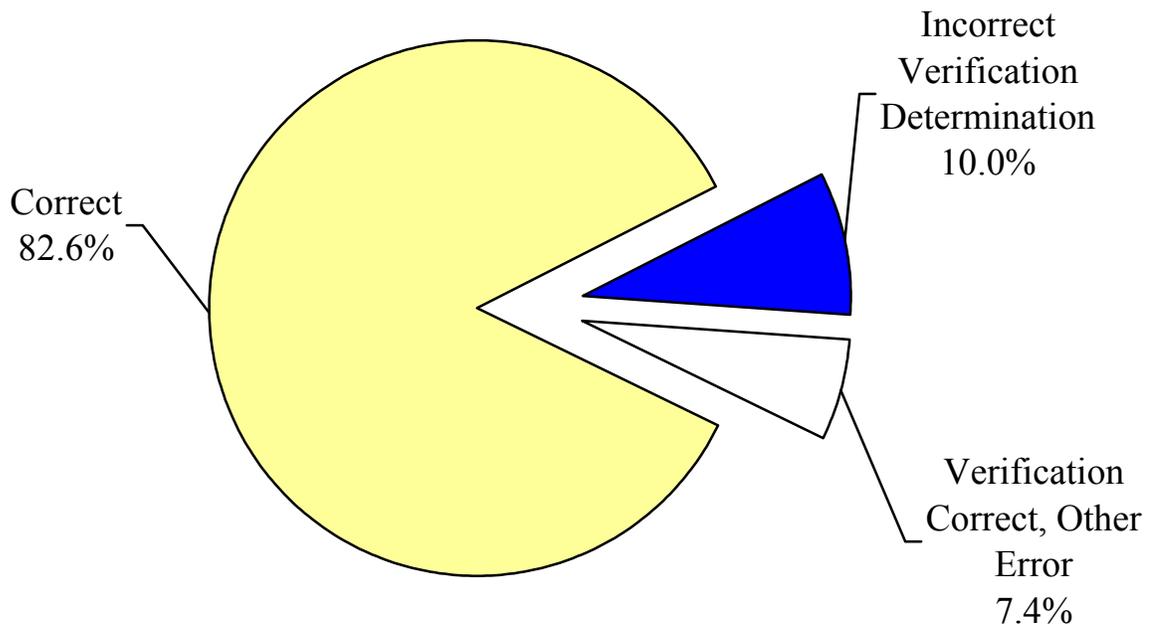
<sup>26</sup> Accuracy is defined as consistency between all application and verification materials and related SFA determinations in a household's file and the meal ticket status found for children in that household by FNS reviewers as of the last day of the 2001-02 school year. When a child was classified as free or reduced price at the end of the school year, but either the verification process a) was begun but not completed by the SFA; or b) initially resulted in a benefit reduction / termination by the SFA with no further action after the verification process was completed, the meal ticket status of these students is also considered inaccurate.

<sup>27</sup> Excluded from this definition of incorrect meal ticket status are those where reapplication following verification resulted in a new determination (See Table 8).

**Figure 8. Reapplication Patterns Among Non-Respondents**



**Figure 9. Accuracy of the End of Year Meal Ticket Status of Applications Selected for Verification**



## Section 6

### CONCLUSIONS

In this study we found 55 percent of applications verified across 14 study districts in 2001-02 had their free and reduced price meal benefits reduced or terminated due to the verification process. Non-response to the verification process accounted for over 70 percent of these benefit reductions or terminations. Among non-respondents that remained enrolled, we found that 29 percent were approved for free or reduced price meal benefits later in the school year on the basis of a new application with documentation of their household circumstances.

This study analyzed the accuracy of SFA decisions in the administration of the free and reduced price eligibility determination process and found a significant level of inaccuracy. That is, *on the basis of information provided by households to the SFA*, we found

- 5.7 percent of approved income applications had inaccurate initial determinations
- 8.4 percent of verified applications had inaccurate determinations by SFAs
- 17.4 percent of verified applications had inaccurate end of year meal ticket status
- 5.0 percent of reapplications had inaccurate determinations by SFAs

At least three-quarters of all errors resulted in households being approved for a greater level of benefit than was consistent with the information they had provided the SFA.

Based on this analysis, FNS believes that it is important to develop strategies that will facilitate increased accuracy at the local level to administer FNS eligibility determination procedures.

## REFERENCES

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- US Department of Agriculture, Food and Nutrition Service. "Evaluation of the NSLP Application / Verification Pilot Projects." Alexandria, VA: USDA: forthcoming.
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- US Department of Agriculture, Food and Nutrition Service. "Eligibility Guidance for School Meals Manual." Alexandria, VA: USDA: 2001.
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**Appendix A:**

**FNS Regional Office NSLP Verification Survey**

**Information Collection Protocol – Complete one copy of this form for this SFA**

- \_\_\_\_\_ SFA1 Name of SFA visited
- \_\_\_\_\_ SFA2 Does SFA have Food Service Mgmt Co (1 = Yes 0 = No)
- \_\_\_\_\_ SFA3 FNS Reviewer(s)
- \_\_\_\_\_ SFA4 Date of data collection visit to SFA
- \_\_\_\_\_ SFA5 Title of individual responsible for conducting verification process
- \_\_\_\_\_ SFA6 Is SFA's application –  
1 = individual child 2 = multi-child

As of October 31, 2001:

- \_\_\_\_\_ A. SFA enrollment
- \_\_\_\_\_ B. Free approved children
- \_\_\_\_\_ C. Free approved thru direct certification
- \_\_\_\_\_ D. Free approved applications
- \_\_\_\_\_ E. Number of these applications approved for Free meal benefits on basis of FS/TANF case number
- \_\_\_\_\_ F. Number of these applications approved for Free meal benefits on basis of income & hh size
- \_\_\_\_\_ G. Reduced price approved
- \_\_\_\_\_ H. Date on which the SFA selected its verification sample
- \_\_\_\_\_ I. Number of applications selected for verification

Describe process of verification sample selection and include whether the SFA states that they used a random approach, a focused approach, or some combination of approach(es):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**INDIVIDUAL APPLICATION INFORMATION - Page 1 of 3**

Complete one form for each application verified at this SFA

\_\_\_\_\_ School district  
 \_\_\_\_\_ # of verification at this district \_\_\_\_\_ Name on Application

**SECTION 1 – Application approval process**

\_\_\_\_\_ S1 1 Number of children whose F/RP eligibility is associated with this application

\_\_\_\_\_ S1 2 Initial status of application  
 1 = Free w/ Food Stamp or TANF case # (*skip to Section 2*)  
 2 = Free w/ Household Income and household size  
 3 = **Reduced-Price**

Table A - If application was initially approved on basis of hh income & size, complete table.

1st name of individuals w/ income- exclude last name	Last month's income and how often it was received			
	Earnings from work before deductions	Welfare, child support, alimony	Pensions, retirement, Social Security	Other
	<u>\$/time period</u>	<u>\$/time period</u>	<u>\$/time period</u>	\$ ____ / ____
	\$ ____ / ____	\$ ____ / ____	\$ ____ / ____	\$ ____ / ____
	\$ ____ / ____	\$ ____ / ____	\$ ____ / ____	\$ ____ / ____
	\$ ____ / ____	\$ ____ / ____	\$ ____ / ____	\$ ____ / ____
	\$ ____ / ____	\$ ____ / ____	\$ ____ / ____	\$ ____ / ____
	\$ ____ / ____	\$ ____ / ____	\$ ____ / ____	\$ ____ / ____
	\$ ____ / ____	\$ ____ / ____	\$ ____ / ____	\$ ____ / ____

\_\_\_\_\_ S1 3 Total amount of monthly income reflected on application

\_\_\_\_\_ S1 4 Total amount of monthly income determined by approving official

\_\_\_\_\_ S1 5 Number of household members listed on application

\_\_\_\_\_ S1 6 Based on this information, for what level of benefits should this application have been approved in school year 2001-02?

1 = Free      2 = Reduced price      3 = Paid

\_\_\_\_\_ S1 7 Date school notified household of verification selection

\_\_\_\_\_ S1 8 Did household respond to school by deadline provided by school?  
 1 = Yes    0 = No (*skip to Section 3*)

\_\_\_\_\_ S1 9 Did hh response provide household size & income or FS/TANF #?  
 1 = Household size and income    2 = FS/TANF case number

\_\_\_\_\_ S1 10 Date of latest check stub / other documentation / FS/TANF receipt that is documented?  
*(If documents were submitted with more than one date, write down latest of these dates. For check stub, write down the date the check was issued.) Skip to Section 3*

**INDIVIDUAL APPLICATION INFORMATION - Page 2 of 3**

*SECTION 2: Complete this section ONLY for applications where the initial basis of free approval was FS/TANF case number provided by household*

\_\_\_\_\_ S2 1 Did school seek -

- 1 = Verification from FS/TANF office
- 2 = Verification from household (**Skip to S2 3**)

\_\_\_\_\_ S2 2 If FS/TANF verification sought, did FS/TANF office confirm current FS/TANF receipt?

- 1 = Yes (**Skip to Section 3**)     0 = No

\_\_\_\_\_ S2 3 If school notified household, on what date?

\_\_\_\_\_ S2 4 Did household provide documentation of current eligibility by deadline provided by school district?

- 1 = Income & hh size   2 = FS /TANF receipt   3 = No (**Skip to Section 3**)

\_\_\_\_\_ S2 5 Date of latest check stub / other documentation / FS/TANF receipt that is documented? (*If documents were submitted with more than one date, write down the latest of these dates. For a check stub, write down the date the check was issued.*)

**SECTION 3: Complete this section for all applications verified:**

\_\_\_\_\_ S3 1 Status immediately after verification process:

- 1 = Free   2 = Reduced-Price   3 = Paid
- 4 = process not completed by SFA (**data collection complete for this application**)

Table B. If verification was income-based, complete Table B based on documentation provided by hh:

1 <sup>st</sup> name of individuals w/ income- exclude last name	Last month's income and how often it was received			
	Earnings from work before deductions	Welfare, child support, alimony	Pensions, retirement, Social Security	Other
	<u>\$/time period</u>	<u>\$/time period</u>	<u>\$/time period</u>	<u>\$/time period</u>
	\$ ____/____	\$ ____/____	\$ ____/____	\$ ____/____
	\$ ____/____	\$ ____/____	\$ ____/____	\$ ____/____
	\$ ____/____	\$ ____/____	\$ ____/____	\$ ____/____
	\$ ____/____	\$ ____/____	\$ ____/____	\$ ____/____
	\$ ____/____	\$ ____/____	\$ ____/____	\$ ____/____

\_\_\_\_\_ S3 2 Total amount of monthly income reflected on verification submission

\_\_\_\_\_ S3 3 Number of household members listed on verification submission

\_\_\_\_\_ S3 4 Based on this information, for what level of benefits should this application have been approved following verification?     1 = Free     2 = Reduced price     3 = Paid

\_\_\_\_\_ S3 5 Based upon reviewer's assessment, did the school make the appropriate decision in verification?     1 = Yes (**Skip to S3 8**)     0 = No

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\_\_\_\_\_ S3 6 If no, what should the decision have been based upon your review?  
1 = Free      2 = Reduced-Price      3 = Paid

\_\_\_\_\_ S3 7 Reviewer's comments about the accuracy of the decision:  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ S3 8 What was the student's eligibility status at end of school year?  
1 = Free      2 = Reduced-Price      3 = Paid  
4 = Can not determine based on information available (*skip to Section 4*)

\_\_\_\_\_ S3 9 Upon what basis did reviewer determine end of 2001-02 eligibility status?  
1 = Point of service roster      2 = Inspection of meal ticket

\_\_\_\_\_ S3 10 Based upon reviewer's assessment, is eligibility status appropriate?  
1 = Yes (*Skip to Section 4*)      0 = No

\_\_\_\_\_ S3 11 If no, what should the status have been based upon your review?  
1 = Free      2 = Reduced-Price      3 = Paid

\_\_\_\_\_ S3 12 Reviewer's comments about the accuracy of the decision:  
\_\_\_\_\_  
\_\_\_\_\_

*SECTION 4: RE-APPLICATION*

\_\_\_\_\_ S4 1 Did the household submit a F/RP application after having benefits changed because of verification in SY 01-02?  
1 = yes      0 = no (*data collection complete for this application*)  
2 = cannot be determined (*data collection complete for this application*)

\_\_\_\_\_ S4 2 Status of re-application  
  
1 = **Free** w/ Food Stamp or TANF case #  
2 = **Free** w/ Household Income and household size  
3 = **Reduced-Price**

\_\_\_\_\_ S4 3 Did household provide documentation of income or FS/TANF eligibility in their reapplication? 1 = Yes 0 = No

\_\_\_\_\_ S4 4 Based upon reviewer's assessment, did the school make the appropriate decision in reviewing this re-application? 1 = Yes (*data collection complete for this application*) 0 = No

\_\_\_\_\_ S4 5 If no, what should the decision have been based upon your review?  
1 = Free      2 = Reduced-Price      3 = Paid

\_\_\_\_\_ S4 6 Reviewer's comments about the accuracy of the decision:  
\_\_\_\_\_

*(data collection complete for this application)*

## **Appendix B:**

### **Findings from data collection regarding the verification process in one Midwest Region SFA**

#### **Executive Summary**

FNS staff members visited 31 randomly selected schools in January 2002 to learn about how the SFA implements the income verification process. Key findings, based on a review of 344 verified applications include:

#### **Section 1: Verification sample characteristics**

- 66 percent of applications selected for verification were initially approved as categorically eligible whereas such applications represented only 36 percent of applications approved at these schools. This suggests that the SFA may be using a non-random process to select applications for verification tilted in the direction of categorically eligible applications.
- 7 schools selected only categorically eligible applications in their verification sample even though categorically eligible applications represented between 29 and 75 percent of approved applications at these schools.

#### **Section 2: Reduction/termination rate**

- 89.1 percent of applications verified had their benefit level unchanged while 10.5 percent of applications verified had their benefit level reduced or terminated. Benefits were increased for 0.3 percent of applications verified.
- The rate of benefit reduction / termination among categorically eligible applications (1 percent) was much lower than that for income-based applications (28 percent).

#### **Section 3: Appropriateness of SFA verification decisions**

- 13 percent of verification decisions were inappropriate and in each case the decision resulted in a greater level of approval for F/RP meal benefit than FNS reviewers found appropriate according to FNS guidelines.

#### **Section 4: Reduction/termination rate based upon FNS review**

- Had SFA made appropriate decisions with regard to all applications selected for verification, 23 percent of applications selected for verification would have had their benefits reduced or terminated.

#### **Section 5: Meal ticket status and verification findings**

- In 19 percent of cases (or 7 applications) where the verification process found a F/RP benefit reduction/termination was required, it appears no change was made.

## Appendix C. Supplementary Tabulations

Table C.1 Distribution of verified income & hh size applications by whether the reported income was more than \$100 lower than the threshold for focused sampling

	Free approved applications		Reduced price approved applications	
	More than \$100 less than focused sampling threshold	Within \$100 less than focused sampling threshold	More than \$100 less than focused sampling threshold	Within \$100 less than focused sampling threshold
14 SFA Total	72%	28%	73%	27%
6 Random SFA Total	93%	7%	92%	8%
8 Focused SFA Total	24%	76%	29%	71%
Random sampling districts				
A	92%	8%	91%	9%
B	91%	9%	93%	7%
C	96%	4%	97%	3%
D	96%	4%	92%	8%
E	91%	9%	100%	0%
F	96%	4%	86%	14%
Focused Sampling Districts				
H	19%	81%	24%	76%
I	13%	87%	9%	91%
J	14%	86%	17%	83%
K	28%	72%	22%	78%
L	35%	65%	57%	43%
M	24%	76%	19%	81%
N	24%	76%	24%	76%
P	32%	68%	11%	89%

Source: Review conducted by FNS RO Staff (2002).